AN OPEN LETTER TO THE CHIEF EXECUTIVE OFFICERS OF THE SIX CIGARETTE MANUFACTURERS IN THE UNITED STATES REGARDING THE SALE OF CIGARETTES IN THE STATE OF NEW YORK:

My name is Richard Cucharo (AKA Richie the Snackman) and for the last ten years I have sold millions and millions of cigarettes for all of you and/or your predecessors.

Whether this volume was/is produced in the six stores I built from the ground up (one from which I personally sell cigarettes to the public everyday) or through my small wholesale company selling to other retail stores, your products (which I use) have been my life's career. As you read this letter, my direct efforts are helping to clear the checks you are signing to pay your overhead.

In addition to my personal sales effort, I have acted as a liaison with your sales reps in order to better display and sell your products in more and more stores. I have directed the placement of more overheads, pack racks, street signs, banners and baubles than I care to remember. In short, I have earned the right to address you and you owe it to me to listen to the thoughts I'm about to share with you.

We are all aware of New York State's forthcoming excise tax increase. This item, combined with your annual multiple price increases, will finally adversely effect all people selling cigarettes in this area. The resiliency we have all enjoyed here in this industry is about to cease. Even as your New York people show concern, your Northeast people don't have to. I for one am aware that YOUR carton of cigarettes will still be purchased by my customer and YOUR sale will still be made. It may be made in New Jersey, Connecticut, the PX or at the Indian Reservation, but YOU will still make the sale. I won't. So, as a Chief Executive, your paycheck won't be affected at all. Mine will.

This lack of concern for high excise tax areas has existed for years. Several times each week a customer will tell me the same dollar-off coupon on your brands in my high-volume store was seen on a similar carton in the Carolinas, Virginia, etc. In fact, some brands on which I have never seen a coupon in my life were discounted in a low excise tax state. This practice is ludicrous. It also depletes the budget for discounting my products in a state where discounting should have a priority over the rest of the country.

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Source: https://www.industrydocuments.ucsf.edu/docs/kzcy0004

SOLUTION: High excise tax areas get couponing and others don't. Or, ship discounted VPR merchandise direct to these areas.

This logical and needed practice might take a little cooperation amongst yourselves. I know that, competition put aside, you agree with each other from time to time. Especially when you raise the prices.

Your companies' efforts to bring out low-low-low priced brands with the result of competing with yourself and your counterparts in this area has been ridiculous to watch, particularly as a retailer. We eagerly await the metamorphosis of the "BRAND OF THE WEEK" turning into the "BRAND OF THE DAY" and we watch in amazement as the barrage of rebates, deals, promos, cents off, invoice off, back and forth procedures generate confusion, not only with store owners, but mainly with your own employees.

We can count on one thing: Cigarettes will go up in price no matter what. Your premium brand customers don't want to smoke these new products. YOU are driving them to smoke them and we are all paying for it in the bottom line.

The problems occurring now, and those which will occur in the near future, with cigarette sales in New York State is the direct result of the one principle ALL of your employees adhere to through no fault of their own: "FOLLOW THE LEADER."

For the first time in my life in this business, all of you (my idols in business) are faltering. From the chain of command below you and on down the ladder, confusion and pessimism have replaced CORRECT action.

Your concern for the New York cigarette industry must be beyond the combined dollar receivable that direct distributors owe you at any given time. If true creativity and solid marketing strategies are not applied to this area of the country, even you will take notice of the problems which will most certainly arise.

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Source: https://www.industrydocuments.ucsf.edu/docs/kzcy0004

I sincerely appreciate the time you took to read this letter. Since I am only an infantryman, it would be fascinating to hear what the Generals think.

Thank you.

Richard Cucharo

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Fax copies to: Philip Morris
RJR Tobacco Company
Lorrilard Tobacco
American Tobacco
Brown and Williamson Tobacco
Ligget & Meyers

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